

August 4, 2016

The Department of Corporate Services
BSE Limited
1st floor, Rotunda Building
B.S. Marg, Fort, Mumbai – 400 001
Stock Code: 532419

The Listing Department
National Stock Exchange of India Limited
Exchange-Plaza, Bandra Kurla Complex
Bandra (E), Mumbai – 400 051
Symbol: SMARTLINK

Dear Sir,

Sub: Outcome of the Board Meeting held on August 4, 2016

In accordance with the provisions Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 (“**Listing Regulations**”), we hereby inform you that a meeting of the Board of Directors of Smartlink Network Systems Limited (the “**Company**”) was held today, August 4, 2016 and concluded at 08:15 P.M. The meeting inter alia transacted the following business:

- Considered and approved the incorporation of two wholly owned subsidiaries in Goa, India with the names (a) Synegra EMS Limited (“**EMS Subsidiary**”) and (b) Digisol Systems Limited (“**Digisol Subsidiary**”), (both together referred to as “**Subsidiaries**”), respectively. The Board of directors approved the investment by way of subscription in the equity share capital of the Subsidiaries of Rupees One Crore Each and other actions required for such incorporation.
- Considered and approved the investment in the cumulative redeemable preference shares by the Company in one or more tranches in :
 - Digisol Subsidiary to the extent of Rs. 44 crores and
 - EMS Subsidiary to the extent of Rs. 3.50 croresin accordance with Section 179 and 186 of the Companies Act, 2013 (“**Act**”). The cumulative redeemable preference shares will be issued by Digisol Subsidiary and EMS Subsidiary at 10% (ten percent) dividend.
- Considered and approved the slump sale of business operations comprises mainly of (a) the selling and marketing of various categories of networking and information technology (IT) products sold under brand name “Digisol” (“**Digisol Business**”) to Digisol Subsidiary and (b) electronic manufacturing services business comprising mainly of manufacture of various categories of electronic and IT products (“**EMS Business**”) to EMS Subsidiary, respectively (“**Slump Sale**”). The Slump Sale has been approved by the Board of Directors in terms of Sections 179 and 188 of the Act, subject to the requisite approvals of the shareholders of the Company in accordance with Sections 180(1)(a) and 188 of the Act and Regulation 23 of the Listing Regulations. The Slump Sale is also subject to compliance with applicable laws and receipt of relevant regulatory approvals and third party consents, as may be required.

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Smartlink Network Systems Ltd.

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- Considered and approved the execution of business transfer agreements and other ancillary documents for the Slump Sale to be entered into between (a) Digisol Subsidiary and the Company; and (b) EMS Subsidiary and the Company, respectively. The Board of Directors considered and approved the completion of the transactions contemplated in the business transfer agreements and other ancillary documents.
- Considered and approved the postal ballot notice in terms of Section 110 of the Act read with Rules 20 and 22 of Companies (Management and Administration) Rules 2014 for approval of the shareholders of the Companies in accordance with Section 180(1)(a) and 188 of the Act and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The salient features of the proposed Slump Sale are:

- The sale of Digisol Business and EMS Business to Digisol Subsidiary and the EMS Subsidiary, respectively, will be on a slump sale basis (as defined under Section 2(42C) of the Income Tax Act, 1961);
- The sale is proposed to include all assets relating to the Digisol Business and EMS Business, respectively;
- The proposed sale shall also include the transfer/ assignment of all trademarks to Digisol Subsidiary, relating to the Digisol Business;
- The employees relating to the Digisol Business and EMS Business shall be transferred with continuity of service and similar terms and conditions of service as existing today, to Digisol Subsidiary and the EMS Subsidiary, respectively.

Detailed information as required to be disclosed in terms of Regulation 30 of the Listing Regulations is annexed hereto as **Annexure 1**.

You are requested to kindly take the same on record.

Thanking you,
Yours sincerely,

For Smartlink Network Systems Limited



Urjita Damle
Company Secretary

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Disclosure under Regulation 30 of the Listing Regulations

Disclosure	Digisol Business	EMS Business
The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year	Turnover of Rs. 71.06 crores equalling to 97% of the total turnover. Networth: Rs. 20.35 crores	Turnover of Rs. 2.30 crores equalling to 3% of the total turnover. Networth: Rs.0.92 crores.
Date on which the agreement for sale has been entered into	The agreement will be entered into only after the incorporation of the Digisol Subsidiary and the same has been approved by the board of directors of Digisol Subsidiary	The agreement will be entered into only after the incorporation of the EMS Subsidiary and the same has been approved by the board of directors of EMS Subsidiary
The expected date of completion of sale/disposal	On or before October 10, 2016	On or before October 10, 2016
Consideration received from such sale/disposal	The consideration will be Rs. 19.00 crores, which has been determined on the basis of valuation report submitted by Deloitte Touche Tohmastu India LLP	The consideration will be Rs. 3.3 crores, which has been determined on the basis of valuation report submitted by Deloitte Touche Tohmastu India LLP
Brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If yes, details thereof	Digisol Systems Limited, a wholly owned subsidiary of the Company	Synegra EMS Limited, a wholly owned subsidiary of the Company
Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length"	Yes The slump sale will be done on 'arms length' on the basis of valuation done by Deloitte Touche Tohmastu India LLP	Yes The slump sale will be done on 'arms length' on the basis of valuation done by Deloitte Touche Tohmastu India LLP
Name of the entity(ies) forming part of the slump sale, details in brief such as, size, turnover etc.	Refer to the annual report of the Company for the details for FY 2015-16 Digisol Systems Limited has not been incorporated and hence other disclosures not	Refer to the annual report of the Company for the details for FY 2015-16 Synegra EMS Limited has not been incorporated and hence other disclosures not

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	applicable	applicable
Area of business of the entity(ies)	Sale and Marketing of Networking Products	Electronic Goods Manufacturing Services
Rationale for Slump Sale	- Both the Digisol Subsidiary and the EMS Subsidiary will be able to focus on their core businesses and operations and being independent companies will enable each of them to pursue opportunities in their respective businesses. - This will bring accountability for each of the business following the separation of the main business operations from the Treasury operations into separate legal entities. - This will also bring focus in the businesses of both Digisol Subsidiary and the EMS Subsidiary and they will be able to leverage the strengths of their individual operations.	
Brief details of change in shareholding pattern (if any) of listed entity	No change in the shareholding pattern	No change in the shareholding pattern

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